

Discharge for 2014 budget – EU decentralised agencies and joint undertakings

On 28 April, the European Parliament is due to vote on recommendations on discharge to the European Union's agencies and joint undertakings for their implementation of the EU's 2014 budget. The Parliament's Committee on Budgetary Control proposes to grant discharge to all the decentralised agencies, highlighting progress made (for example in reduction of staff and adoption of anti-fraud and transparency rules) but expressing concerns on issues such as efficiency, accountability and independence. The Committee also recommends granting discharge to five of the eight joint undertakings set up in the research field. The Committee calls for improvements in implementation of the ex-post audit strategy, in cooperation with the Commission as regards the integration of research results, and in cost-control mechanisms. For the remaining three undertakings, the Committee calls for additional information and clarity of the budgetary and financial plans, with a view to a vote on discharge taking place in October.

Vote of the Committee on Budgetary Control

On 6 April 2016, the Committee on Budgetary Control (CONT) [voted](#) on recommendations for discharge in respect of the implementation of the budget in financial year 2014 for the European Union's agencies and joint undertakings. The CONT Committee drafted **33 reports** for the agencies, 32 for the [individual agencies](#) and one horizontal report. Furthermore, CONT drafted **8 reports** for the joint undertakings. CONT **recommended granting discharge** for 2014 for all the agencies. **All but three joint undertakings** were also recommended for discharge. For those three – Artemis (now renamed Electronic Components and Systems for European Leadership – ECSEL); the European Nanoelectronics Initiative Advisory Council (ENIAC); and the International Thermonuclear Experimental Reactor (ITER) – discharge would be postponed.

The CONT vote on discharge followed the **annual audits** carried out by the European Court of Auditors (ECA) on [EU agencies](#) and [joint undertakings](#). In addition, the Committee's votes were based on the results of **two questionnaires** – [the first](#) with written questions for the agencies, and [the second](#) for the joint undertakings. The first questionnaire includes both general questions (to be answered by all agencies) and specific questions (for individual agencies). The former concern financial management, internal audit, procurement and recruitment procedures, prevention of conflicts of interest, and performance. The latter follow the critical observations reported by ECA and are aimed at clarifying the most controversial issues. The second questionnaire has only specific questions for individual joint undertakings.

EU decentralised agencies

In 2014 – reports the ECA – the budget of the EU agencies amounted to **€1.9 billion**, a decrease of 5% compared to the previous year. Approximately **63%** of the budget comes from EU funding, whereas the rest is derived from other sources (e.g. fees). The EU agencies employ **6 578** permanent and temporary officials (14% of the total number of EU officials), and **3 200** contract or seconded staff.

The report drafted by the CONT Committee highlights progress in several areas, but also expresses concerns with regard to EU decentralised agencies sound financial management.

Progress

1. Reduction of staff – CONT acknowledges that most agencies have already met or exceeded the objective of 5% reduction of staff set out in paragraph 27 of the [interinstitutional agreement](#) of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.



2. Anti-fraud strategy and conflicts of interest – The Union agencies' network reports that 80% of all decentralised agencies have an anti-fraud strategy in place. CONT also recognises the efforts of agencies to address adequately the risk of conflict of interests. While **90%** of the agencies have policies in place for the publication of curriculum vitae and declarations of interests (and **74%** publish them on their websites) some agencies lack precise rules for publication. Therefore CONT stresses the application of [Article 16 of the Staff Regulations](#) on the publication of information concerning former senior staff. As further steps, CONT suggests the adoption of a holistic approach, built on more diffuse access to documents and strengthening of transparency registers. Moreover, CONT urges those agencies which have not yet adopted them, to introduce rules to secure protection for whistle-blowers.

Concerns

1. Elevated level of carry-overs of committed appropriations. This is the most frequent issue of budgetary and financial management affecting EU agencies. However, notes CONT, this issue may be justified by the multiannual nature of the agencies' operational programmes.

2. Efficient and simplified budget spending. This is seen as a challenge in the practical implementation of the [Framework Financial Regulation](#). It is particularly evident in areas such as procurement, multiannual programming, indirect grant management and complicated documentation. CONT calls for further simplification of the rules, bearing in mind the different needs of the agencies.

3. Independence of agencies, which may be challenged by the fact that certain agencies are financed by fees paid by industry. CONT calls upon all agencies to put measures in place to safeguard their full independence.

4. Expert groups. In relation to the issue of independence, CONT notes that of the 16 agencies (**52%** of the total) that use expert groups, scientific panels and committees, almost all are concerned by the remarks raised by the EU Ombudsman's [own-initiative inquiry](#) of May 2014. CONT calls on the agencies to apply the new rules on expert groups adopted by the Commission.

5. Accountability. CONT notes that many agencies do not explicitly include in their reports information on the effectiveness and efficiency of their activities in an accountable manner. CONT suggests as a solution to this issue participation of the EU agencies' network in the activities of the [Inter-Institutional Working Group on Performance](#).

6. Multilingual approach. **50%** of the agencies have information published on their websites in all EU languages, four have information offered in 23 languages, **22%** in at least two languages, and **9%** only in the English language. Having acknowledged that a full multilingual approach is, due to the need for additional resources, not feasible at the moment, CONT invites all agencies to supplement this lack of information through the use of social media, surveys and focus groups.

Joint undertakings

Joint undertakings are agreements between EU agencies and other institutional/private actors. These agreements follow a bipartite or tripartite model. In the former case they involve the participation of the European Commission and the industrial sector; in the latter case, Member States are also included as participants.

As [reported](#) by the ECA, in 2014 the total forecast budget of the joint undertakings amounted to **€1.9 billion** (**1.6%** of the EU's 2014 general budget. Of the amounts received, **€1 224 million** came from the general budget and **€204 million** from the industrial partners and members of the undertakings. A total of **432** permanent and temporary officials are employed by joint undertakings, less than 1% of all EU officials. For the 2014 financial year, the ECA recommended improvements in the implementation of ex-post audit strategy, cooperation with the Commission, integration of the JU's research results and harmonisation of the budgetary and financial management reports that JUs are required to produce yearly.

CONT recommended granting discharge to all joint undertakings except Artemis, ENIAC and ITER. In CONT's opinion, Artemis and ENIAC had failed to deliver the information necessary to calculate the error rates (CONT recommends sourcing additional documents and information from the respective national audit bodies). CONT pointed out the lack of coherence and incompleteness of the annual report on budgetary and financial management of ITER, and criticised the fact that it had failed to publish a new action plan.